GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

UNSTARRED QUESTION NO:3258
ANSWERED ON:13.08.2001
LAUNCHING OF BASIC SERVICES BY RELIANCE
BHIM PRASAD DAHAL

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the Department of Telecommunications (DoT) has signed any agreement with Reliance for launching basic services in 16 circles including the Andamans; and

(b) if so, the details stating the terms and conditions thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI TAPAN SIKDAR)

(a) & (b): Yes, Sir. The details in respect of the terms and conditions of licence agreement are annexed herewith.

ANNEXURE

SALIENT FEATURES OF THE LICENCE AGREEMENT TERMS & CONDITIONS FOR PROVISION OF BASIC TELE SERVICE.

(a) Licence is issued on non-exclusive basis for 20 years; extendable by 10 years at a time, in the territorial jurisdiction of licensed service area.

(b) Foreign equity participation not to exceed 49%

(c) Promoters constituting at least 30% of total equity in the Licensee company, have experience in telecom sector. Networth of only those promoters is counted, who have directly in their name at least 10% equity stake in the Licensee company.

(d) Licence is subject to continued compliance of the eligibility requirements in respect of net-worth, paid up equity capital, payment of entry fee & licence fee, submission of bank guarantees.

(e) A Licensee can sign licence agreements for any number of telecom service areas and there is unrestricted open entry of any number of licences in a service area.

(f) Roll out obligations are in terms of establishing stipulated percentage of Points Of Presence (POP) in SDCAs (Short Distance Charging Areas) i.e. local areas. The category wise SDCAs viz., urban, semi urban and rural, are to be covered in equal proportions. Performance Bank Guarantees will be released on fulfilling the rollout obligations.Ultimately 80% of SDCAs to be covered by each licensee independently and beyond that coverage may be jointly by new licensees.

(g) Financial Bank Guarantee of stipulated amount to securitise the licence fee.

(h) Licence fee /royalty for wireless usages/equipment to be paid separately.

(i) Resale of local loop not permitted by the incumbent to its competitors.

(j) Assignability/transferability of licences permitted subject to prior written consent of Licensor in accordance with terms of a Tripartite Agreement.

(k) Licensee can appoint franchisees with a proviso that responsibility to ensure compliance of licence conditions shall vest with the Licensee.

(l) Use of hand held telephone sets is permitted to subscribers of Basic Telephone Service operators on Wireless Local Loop (WLL) Systems limited to the local area of Tehsils and not more than 5 + 5 MHz spectrum in designated /prescribed frequency bands for these systems can be allocated to any basic service operator on first come first served basis. Allocation of spectrum has been specifically linked with performance obligations required to be fulfilled by the licensees in a phased manner as stipulated in the licence agreement. The spectrum already allocated to an allottee licensee, will revert back for allocation to others on failure of such allottee to fulfill its stipulated rollout obligations and to effectively utilize the allocated spectrum.

(m) Licence fee @ 12%, 10% and 8% of Adjusted Gross Revenue (AGR) shall be payable for A, B and C category service areas respectively. The spectrum charges are payable separately @ 2% of AGR earned from WLL subscribers.